



20004040

## OMB APPROVAL

OMB Number: 3235-0123  
Expires: August 31, 2020  
Estimated average burden  
hours per response... 12.00

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

## SEC FILE NUMBER

8- 44663

## FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/2019 AND ENDING 12/31/2019  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: **Shields & Company, Inc.**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**890 Winter Street, Suite 160**

(No. and Street)

**Waltham****MA****02451**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Evan Ricker 781.890.7033

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Stowe & Degon, LLC**

(Name - if individual, state last, first, middle name)

**95 A Turnpike Road****Westborough****MA****01581**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (11-05)

Potential persons who are to respond to the collection of  
information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

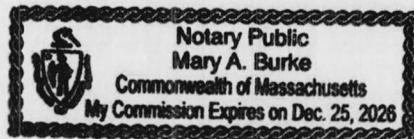
## OATH OR AFFIRMATION

I, Evan Ricker, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Shields & Company, Inc., as of February 28, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Mary A. Burke  
Notary Public MARY A. BURKE

[Signature]  
Signature  
Director  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

***Shields & Company, Inc.***  
***SEC File No. 8-44663***

***Financial Statements as of and for the  
Year Ended December 31, 2019 and Reports of  
Independent Registered Public Accounting Firm***

# **SHIELDS & COMPANY, INC.**

## **TABLE OF CONTENTS**

---

	<b>Page</b>
FORM X-17A-5 PART III Facing Page and Oath or Affirmation	
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Stockholders' Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
SUPPLEMENTARY SCHEDULES	
Schedule I - Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission	9
Schedule II - Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission (Exemption)	10
Schedule III - Information relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission (Exemption)	10
EXEMPTION REPORT	
REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	12
EXEMPTION REPORT TO THE SECURITIES AND EXCHANGE COMMISSION	13



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Shields & Company, Inc.  
Waltham, Massachusetts

### Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of Shields & Company, Inc. ("the Company"), as of December 31, 2019, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shields & Company, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Supplemental Information

The supplemental information in Schedule I - Computation of Net Capital Under Rule 15c3-1; Schedule II - Computation for Determination of Reserve Requirements Under Rule 15c3-3 (exemption); and Schedule III - Information Relating to Possession or Control Requirements Under Rule 15c3-3 (exemption), has been subjected to audit procedures performed in conjunction with the audit of the Shields & Company, Inc.'s financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as the Company's auditor since 2013.

*Stowe & Degon LLC*

February 28, 2020

# SHIELDS & COMPANY, INC.

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2019

---

### ASSETS

Cash	\$ 457,002
Accounts receivable	230,440
Unbilled revenue	10,000
Prepaid expenses and other current assets	<u>112,996</u>
Total current assets	810,438
Property and equipment, net	4,893
Operating lease right-of-use asset	<u>487,646</u>
Total assets	<u>\$ 1,302,977</u>

### LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 18
Accrued expenses	98,300
Deferred revenue	4,000
Payroll and withholdings payable	45,459
Operating lease liability - current	<u>19,744</u>
Total current liabilities	167,521
Operating lease liability, net of current portion	<u>402,311</u>
Total liabilities	<u>569,832</u>
Stockholders' equity	
Common stock, \$.01 par value; 200,000 shares authorized	
200 shares issued and outstanding	2
Additional paid-in capital	794
Retained earnings	<u>732,349</u>
Total stockholders' equity	<u>733,145</u>
Total liabilities and stockholders' equity	<u>\$ 1,302,977</u>

See notes to financial statements

# SHIELDS & COMPANY, INC.

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

---

REVENUES	\$ 1,795,986
OPERATING EXPENSES:	
Compensation and benefits	1,250,073
Research	184,077
Lease	121,911
Travel and entertainment	103,828
Professional fees	48,611
Technology and data communications	26,517
Interest	21,978
Regulatory fees	14,554
Bad debt	880
Occupancy	359
Other	<u>83,538</u>
Total operating expenses	<u>1,856,326</u>
NET LOSS	\$ <u>(60,340)</u>

See notes to financial statements

# SHIELDS & COMPANY, INC.

## STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
	Shares	Par Value			
BALANCE AS OF JANUARY 1, 2019	200	\$ 2	\$ 794	\$ 792,689	\$ 793,485
Net loss	-	-	-	(60,340)	(60,340)
BALANCE AS OF DECEMBER 31, 2019	<u>200</u>	<u>\$ 2</u>	<u>\$ 794</u>	<u>\$ 732,349</u>	<u>\$ 733,145</u>

See notes to financial statements



# SHIELDS & COMPANY, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

---

### CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (60,340)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	1,840
Forgiveness of debt	(8,500)
Changes in operating assets and liabilities:	
Accounts receivable	17,917
Unbilled revenues	64,857
Prepaid expenses and other current assets	94,105
Accounts payable	(4,574)
Accrued expenses	94,475
Deferred rent	(53,900)
Deferred revenue	(5,050)
Payroll and withholdings payable	(12,682)
Obligation operating lease	<u>(65,591)</u>
Net cash provided by operating activities	<u>62,557</u>

### CASH FLOWS FROM FINANCING ACTIVITIES:

Repayment of Stockholder notes	<u>(17,000)</u>
Net cash used for financing activities	<u>(17,000)</u>

NET INCREASE IN CASH 45,557

CASH, BEGINNING OF YEAR 411,444

CASH, END OF YEAR \$ 457,002

See notes to financial statements

# SHIELDS & COMPANY, INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

---

### 1. NATURE OF BUSINESS

Shields & Company, Inc. ("the Company") was formed as a Massachusetts S Corporation on April 19, 1991. During April 2012, Shields & Company, Inc. was merged with Shields Securities, Inc. The Company is a FINRA registered broker/dealer. The Company provides corporate finance advisory services in the areas of: mergers and acquisitions; corporate restructurings and recapitalizations; debt and equity capital raising; financial advisory assignments; and valuations and fairness opinions.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Cash** – The Company maintains its cash in various deposit accounts that, at times, may exceed federally insured limits; however, the Company has not experienced, nor does it anticipate, any losses in such accounts. At December 31, 2019, the Company had bank balances of \$438,758 in excess of FDIC insurance coverage.

**Concentration of Credit Risk** – Financial instruments that potentially subject the Company to concentrations of credit risks consist primarily of accounts receivable. The Company grants credit to customers in the ordinary course of business. The Company minimizes credit risk arising from accounts receivable by evaluating each customer's financial condition and credit history. The Company estimates and records an allowance for doubtful accounts based on knowledge of the customer's credit history and current economic conditions. The Company's policy is to write-off uncollectible trade receivables against the allowance for doubtful accounts after significant measures have failed to result in the collection of such receivables. The allowance for doubtful accounts is management's best estimate of uncollectible accounts receivable. As of December 31, 2019, there was no allowance for doubtful accounts.

**Revenue Recognition** – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The adoption of this ASU did not have a significant impact on the Company's financial statements. The majority of the Company's revenue arrangements generally consist of a single performance obligation to transfer promised services and is generally fulfilled upon delivery of those services. Based on the Company's evaluation process and review of its contracts with clients, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption.

**Income Taxes** – The Company is organized as an S Corporation and is not subject to federal or state income taxes. Income is taxable to the individual stockholders. The Company recognizes in its financial statements the impact of a tax position if it is more likely than not the position would be sustained on audit, based on the technical merits of the position. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company did not have any unrecognized tax benefits or accrued interest and penalties related to income taxes during the year ended December 31, 2019 and does not anticipate having any unrecognized tax benefits over the next twelve months. The Company believes it is no longer subject to income tax examinations by taxing jurisdictions for years prior to 2016.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Recent Accounting Pronouncement** – In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to record most leases on their balance sheet but recognize expense in a manner similar to previous guidance. ASU 2016-02 became effective for the Company January 1, 2019. The new standard is required to be applied using a modified retrospective approach. Upon adoption, the Company recorded a right of use asset and corresponding liability for operating leases.

**Subsequent Events** – The Company has evaluated all subsequent events through February 28, 2020, the date the financial statements were available to be issued.

## 3. SUBORDINATED LOANS

During 2018, the Company entered into non-interest bearing Subordinated Loan Agreements with three of its stockholders/employees for \$8,500 each totaling \$25,500. The subordinated loans had a scheduled maturity date of February 15, 2020. Two of the notes were repaid in 2019 and one was forgiven by the employee when he left the Company.

## 4. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1). This rule requires the maintenance of minimum net capital, and also requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule provides that equity capital may not be withdrawn, liabilities subordinated to claims of general creditors may not be repaid, or cash dividends may not be paid if the resulting capital ratio would exceed 10 to 1. At December 31, 2019, the Company had net capital of \$309,226, which was \$271,237 in excess of its required net capital of \$37,989. The Company's net capital ratio was 1.84.

## 5. LEASES

The Company leases 3,696 square feet of office space in Waltham, Massachusetts under a long-term lease, which expires in August 2023. The lease agreement requires the Company to pay real estate taxes and other operating expenses in addition to base rent. The Company recognizes rent expense on the straight-line basis over the term of the lease.

During 2019, the Company renewed a lease agreement for office space in Virginia. The agreement has a one-year term, which expires in October 2020. This is treated as a short-term lease. Rent expense for the year ended December 31, 2019 under this lease was \$6,650. The Company elected not to recognize right-of-use assets and lease liabilities arising from short-term leases.

As of December 31, 2019, right-of-use assets and liabilities arising from operating leases were \$484,646 and \$422,055, respectively. During the year ended December 31, 2019 cash paid for amounts included for the measurement of lease liabilities was \$149,072 and the Company recorded operating lease expense of \$121,911.

**5. LEASES (CONTINUED)**

The future payments due under operating lease as of December 31, 2019 is as follows:

2020	\$ 38,768
2021	156,464
2022	160,160
2023	<u>108,416</u>
	463,808
Less imputed interest	<u>(41,753)</u>
Total operating lease liabilities	<u>\$ 422,055</u>

Because we generally do not have access to the rate implicit in the lease, we utilize our incremental borrowing rate as the discount rate. The discount rate associated with the operating lease as of December 31, 2019 is 4.0%.

**6. STANDBY LETTER OF CREDIT**

The Company has a standby letter of credit (LOC) with a bank, which is collateralized by cash of the Company held in an account with the bank that issued the standby LOC; this LOC permits borrowing up to \$13,300. There was no outstanding balance at December 31, 2019. Interest is charged at the rate of 4% per annum above the prime rate. The letter of credit relates to a commitment per a lease agreement of \$5,390.

**7. RETIREMENT PLAN**

The Company has a defined contribution profit sharing plan under the provisions of Section 401(k) of the Internal Revenue Code. The Plan covers substantially all employees. Contributions to the Plan consist of a discretionary employer safe harbor contribution equal to a percentage of the employees' contributions and discretionary profit sharing and matching contribution in an amount determined by the Company's Board of Directors. There were no contributions to the Plan in 2019.

**8. EXEMPT PROVISIONS UNDER RULE 15c3-3**

The Company claims an exemption from Securities and Exchange Commission Rule 15c3-3(k)(2)(i), as a broker/dealer who engages exclusively in providing consulting services to private companies and private placements of securities structured primarily as equity or debt of private equity funds.

\* \* \* \* \*

# SHIELDS & COMPANY, INC.

## COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION DECEMBER 31, 2019

---

STOCKHOLDERS' EQUITY	\$ 733,145
LESS NON-ALLOWABLE ASSETS:	
Accounts receivable	230,440
Unbilled revenues	10,000
Prepaid expenses and other current assets	112,996
Property and equipment, net	4,893
Operating lease right-of-use asset, net of lease obligations	65,591
	<u>423,920</u>
Net capital	<u>\$ 309,225</u>
AGGREGATE INDEBTEDNESS	
Accounts payable	\$ 18
Accrued expenses	98,300
Operating Lease Liability	422,055
Deferred revenue	4,000
Other withholdings payable	45,459
	<u>569,832</u>
Total aggregate indebtedness	<u>\$ 569,832</u>
BASIC NET CAPITAL REQUIREMENT	
Minimum capital requirement	\$ 5,000
6 2/3% of aggregate indebtedness	\$ 37,989
Excess net capital	\$ 271,236
Ratio: aggregate indebtedness to net capital	<u>184.3%</u>

## RECONCILIATION OF NET CAPITAL WITH COMPANY'S COMPUTATION (Included in Part IIA, of Form X-17A-5 as of December 31, 2019)

NET CAPITAL AS REPORTED IN COMPANY'S FOCUS REPORT	
As amended February 28, 2020	<u>\$ 309,225</u>
NET CAPITAL PER ABOVE	<u>\$ 309,225</u>

**SHIELDS & COMPANY, INC.**

**SCHEDULE II -COMPUTATION FOR DETERMINATION OF  
RESERVE REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION**

**SCHEDULE III - INFORMATION RELATING TO POSSESSION OR  
CONTROL REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2019**

---

Shields & Company, Inc. claims an exemption from Rule 15c3-3 under Section (k)(2)(i).



**STOWE & DEGON**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Shields & Company, Inc.  
Waltham, Massachusetts

We have reviewed management's statements, included in the accompanying Shields & Company, Inc. Exemption Report, in which (1) Shields & Company, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Shields & Company, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(i) (the "exemption provisions") and (2) Shields & Company, Inc. stated that Shields & Company, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Shields & Company, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Shields & Company, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Stowe & Degon LLC*

February 28, 2020

**Shields & Company, Inc.**  
I N V E S T M E N T   B A N K E R S

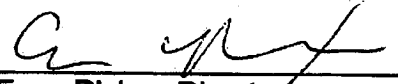
890 Winter Street  
Waltham, Massachusetts 02451  
tel (781) 890-7033  
fax (781) 890-7034

Shields & Company, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealer"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. §240.15c3-3 under the following provisions of 17 C.F.R. §240.15c3-3(k)(2)(i).
- (2) The Company met the identified exemption provisions in 17 C.F.R. §240.15c3-3(k)(2)(i) throughout the most recent fiscal year without exception.

Shields & Company, Inc.  
Company

I, Evan B. Ricker, affirm that, to my best knowledge and belief, this Exemption Report is true and correct.

  
\_\_\_\_\_  
Evan Ricker, Director

February 28, 2020  
\_\_\_\_\_  
Date





**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
Shields & Company, Inc.  
Waltham, Massachusetts

We have performed the procedures included in Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and in the Securities Investor Protection Corporation (SIPC) Series 600 Rules, which are enumerated below and were agreed to by Shields & Company, Inc. and SIPC, solely to assist you and SIPC in evaluating Shields & Company, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7) for the year ended December 31, 2019. Shields & Company, Inc.'s management is responsible for its Form SIPC-7 and for its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with the standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the Total Revenue amount reported on the Annual Audited Report Form X-17A-5 Part III for the year ended December 31, 2019 with the Total Revenue amount reported in Form SIPC-7 for the year ended December 31, 2019, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers itemizing types of revenue, noting no differences; and
- 4) Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the applicable instructions of the Form SIPC-7 for the year ended December 31, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Shields & Company, Inc. and SIPC and is not intended to be and should not be used by anyone other than these specified parties.

*Stowe & Degon LLC*

February 28, 2020

**SIPC-7**

(33-REV 7/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation****SIPC-7**

(33-REV 7/10)

For the fiscal year ended \_\_\_\_\_

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

**Shields & Company, Inc.**  
**890 Winter Street, Suite 160**  
**Waltham, MA 02451**

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

**Evan Ricker 781.890.7033**

**WORKING COPY**

2. A. General Assessment (item 2e from page 2) \$ 2,694
- B. Less payment made with SIPC-6 filed (exclude interest) ( 605 )  
10/23/2019  
Date Paid
- C. Less prior overpayment applied ( 2,076 )
- D. Assessment balance due or (overpayment) \_\_\_\_\_
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 13
- G. PAYMENT: ☒ the box  
Check mailed to P.O. Box ☒ Funds Wired ☐  
Total (must be same as F above) \$ 13
- H. Overpayment carried forward \$(                      )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

\_\_\_\_\_

\_\_\_\_\_

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

SHIELDS & COMPANY, INC.

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the 28 day of February, 20 20

Director

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates:                      Postmarked                      Received                      Reviewed                     

Calculations                      Documentation                     

Forward Copy                     

Exceptions:

Disposition of exceptions:

# **DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning 1/1/2019  
and ending 12/31/2019

**Item No.**

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

**Eliminate cents**  
**\$ 1,795,986**

**2b. Additions:**

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining Item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

**0**

**2c. Deductions:**

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ \_\_\_\_\_

- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

**0**

2d. SIPC Net Operating Revenues

**\$ 1,795,986**

2e. General Assessment @ .0025      This rate used before 1/1/2017

**\$ 2,694**

(to page 1, line 2.A.)